

## 2009 DRAFTING REQUEST

### Bill

Received: **02/23/2010**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Jeffrey Mursau (608) 266-3780**

By/Representing: **andy**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Mursau@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

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### Pre Topic:

No specific pre topic given

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### Topic:

Tax credit for infrastructure costs to provide broadband

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### Instructions:

See attached

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### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/P1	jkreye 02/23/2010	jdye 02/24/2010	phenry 02/24/2010	_____	lparisi 02/24/2010		State
/1	jkreye 03/01/2010	jdye 03/02/2010	phenry 03/02/2010	_____	sbasford 03/02/2010	mbarman 03/02/2010	

FE Sent For:

*at  
intro*

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/?		1 3/2 jld					State
/P1	jkreye 02/23/2010	jdyer 02/24/2010	phenry 02/24/2010	3/2 ph	lparisi 02/24/2010		

FE Sent For:

3/2 ph <END>

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Tax credit for infrastructure costs to provide broadband

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See attached

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/?	jkreye	PI 2/24 JLD	2/24 ph	2/24 ph			

FE Sent For:

<END>

Rep Murren - Andy

2-23-10

tax credit for telecom providers

broadband <sup>service</sup> to ~~low~~ in unsewed,  
low income or rural

different rates?

- 20% <sup>5</sup> megabits per sec to unsewed area

(200 kilobits per second  
under that rate considered  
unsewed

- 5 meg to low income or rural = 10%

- 50 megabits to unsewed, low-income, or rural  
20%

% of cost - infrastructure cost (existent?) for broadband



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-4404/P1

JK:.....

JLd

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

in 2-23-10  
by FRIDAY 2/26  
as per JK  
D-N

+

Gen

1 AN ACT ...; relating to: an income and franchise tax credit for providing  
2 broadband service.✓

---

***Analysis by the Legislative Reference Bureau***

This bill creates an income and franchise tax credit for amounts that a taxpayer spends for infrastructure costs to provide broadband service to any of the following:✓

1. Rural areas in this state.✓
2. Areas in this state where there is no broadband service or where the Internet access service is no more than 200 kilobits per second.✓
3. Areas in this state that are populated primarily by low-income persons.✓

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

3 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act✓  
4 28, is amended to read:

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),

(3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

**History:** 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

**SECTION 2.** 71.07 (5n) of the statutes is created to read:

**71.07 (5n) BROADBAND SERVICE CREDIT.** (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Low-income persons" means low-income persons, and very low-income persons, as determined by the income limits published by the federal department of housing and urban development under the National Housing Act of 1937.
3. "Unserved area" means an area of this state where there is no broadband service or where Internet service is no more 200 kilobits per second.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal to any of the following:

1. Ten percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state or an area in this state populated primarily by low-income persons, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.
2. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state, an unserved area, or an area in this state populated primarily by low-income persons, if the broadband service is at least 50 megabits per second.

1           3. Twenty percent<sup>✓</sup> of the amount the claimant paid in the taxable year for  
2     infrastructure costs to provide broadband service to an unserved area,<sup>✓</sup> if the  
3     broadband service is at least 5<sup>✓</sup> megabits per second, but less than 50<sup>✓</sup> megabits per  
4     second.

5           (c) *Limitations*.<sup>✓</sup> Partnerships, limited liability companies, and tax-option  
6     corporations may not claim the credit under this subsection,<sup>✓</sup> but the eligibility for,  
7     and the amount of, the credit are based on their payment of amounts under<sup>✓</sup> par. (b).  
8     A partnership, limited liability company, or tax-option corporation<sup>✓</sup> shall compute  
9     the amount of credit that each of its partners, members, or shareholders<sup>✓</sup> may claim  
10    and shall provide that information to each of them. Partners, members of limited  
11    liability companies, and shareholders of tax-option corporations<sup>✓</sup> may claim the  
12    credit in proportion to their ownership interests.<sup>✓</sup>

13          (d) *Administration*.<sup>✓</sup> Section 71.28 (4) (e) to (h),<sup>✓</sup> as it applies to the credit under  
14    s. 71.28 (4),<sup>✓</sup> applies to the credit under this subsection.<sup>✓</sup>

15          **SECTION 3.** 71.10 (4) (cd)<sup>✓</sup> of the statutes is created to read:

16          71.10 (4) (cd) Broadband service credit<sup>✓</sup> under s. 71.07 (5n).<sup>✓</sup>

17          **SECTION 4.** 71.21 (4)<sup>✓</sup> of the statutes, as affected by 2009 Wisconsin Act 28, is  
18    amended to read:

19          71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
20    (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
21    (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),<sup>✓</sup> and (8r) and passed through to partners shall  
22    be added to the partnership's income.

23          <sup>28.</sup> **History:** 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2,

24          **SECTION 5.** 71.26 (2) (a) 4.<sup>✓</sup> of the statutes, as affected by 2009 Wisconsin Act 28,  
is amended to read:



1           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
2           (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
3           (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n) and (8r) and not passed through by a  
4           partnership, limited liability company, or tax-option corporation that has added that  
5           amount to the partnership's, limited liability company's, or tax-option corporation's  
6           income under s. 71.21 (4) or 71.34 (1k) (g).

**History:** 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;  
1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479,  
483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28.

7           **SECTION 6.** 71.28 (5n) of the statutes is created to read:

8           71.28 (5n) BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

9           1. "Claimant" means a person who files a claim under this subsection.

10          2. "Low-income persons" means low-income persons, and very low-income  
11          persons, as determined by the income limits published by the federal department of  
12          housing and urban development under the National Housing Act of 1937.

13          3. "Unserved area" means an area of this state where broadband service is less  
14          than 200 kilobits per second.

15          (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
16          claimant may claim as a credit against the tax imposed under s. 71.23, up to the  
17          amount of the tax, an amount equal to any of the following:

18          1. Ten percent of the amount the claimant paid in the taxable year for  
19          infrastructure costs to provide broadband service to a rural area of this state or an  
20          area in this state populated primarily by low-income persons, if the broadband  
21          service is at least 5 megabits per second, but less than 50 megabits per second.

22          2. Twenty percent of the amount the claimant paid in the taxable year for  
23          infrastructure costs to provide broadband service to a rural area of this state, an

1 unserved area, or an area in this state populated primarily by low-income persons,  
2 if the broadband service is at least 50 megabits per second.

3 3. Twenty percent of the amount the claimant paid in the taxable year for  
4 infrastructure costs to provide broadband service to an unserved area, if the  
5 broadband service is at least 5 megabits per second, but less than 50 megabits per  
6 second.

7 (c) *Limitations*. Partnerships, limited liability companies, and tax-option  
8 corporations may not claim the credit under this subsection, but the eligibility for,  
9 and the amount of, the credit are based on their payment of amounts under par. (b).  
10 A partnership, limited liability company, or tax-option corporation shall compute  
11 the amount of credit that each of its partners, members, or shareholders may claim  
12 and shall provide that information to each of them. Partners, members of limited  
13 liability companies, and shareholders of tax-option corporations may claim the  
14 credit in proportion to their ownership interests.

15 (d) *Administration*. Subsection (4) (e) to (h), as it applies to the credit under  
16 sub. (4), applies to the credit under this subsection.

17 **SECTION 7.** 71.30 (3) (cd) of the statutes is created to read:

18 71.30 (3) (cd) Broadband service credit under s. 71.28 (5n).

19 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,  
20 is amended to read:

21 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
22 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),

(3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),  
and (8r) and passed through to shareholders.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

**SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act  
28, is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),  
(5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership,  
limited liability company, or tax-option corporation that has added that amount to  
the partnership's, limited liability company's, or tax-option corporation's income  
under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
(1), (3), (3t), (4), (4m), and (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

**SECTION 10.** 71.47 (5n) of the statutes is created to read:

71.47 (5n) BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
  2. "Low-income persons" means low-income persons, and very low-income persons, as determined by the income limits published by the federal department of housing and urban development under the National Housing Act of 1937.
  3. "Unserved area" means an area of this state where broadband service is less than 200 kilobits per second.
- (b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal to any of the following:

1           1. Ten percent<sup>✓</sup> of the amount the claimant paid in the taxable year for  
2 infrastructure costs to provide broadband service to a rural area<sup>✓</sup> of this state or an  
3 area in this state populated primarily by low-income persons<sup>✓</sup>, if the broadband  
4 service is at least 5<sup>✓</sup> megabits per second, but less than 50<sup>✓</sup> megabits per second.

5           2. Twenty percent<sup>✓</sup> of the amount the claimant paid in the taxable year for  
6 infrastructure costs to provide broadband service to a rural area of this state<sup>✓</sup>, an  
7 unserved area, or an area in this state populated primarily by low-income<sup>✓</sup> persons,  
8 if the broadband service is at least 50<sup>✓</sup> megabits per second.

9           3. Twenty percent<sup>✓</sup> of the amount the claimant paid in the taxable year for  
10 infrastructure costs to provide broadband service to an unserved area<sup>✓</sup>, if the  
11 broadband service is at least 5<sup>✓</sup> megabits per second, but less than 50<sup>✓</sup> megabits per  
12 second.

13           (c) *Limitations.*<sup>✓</sup> Partnerships, limited liability companies, and tax-option  
14 corporations may not claim the credit under this subsection<sup>✓</sup>, but the eligibility for,  
15 and the amount of, the credit are based on their payment of amounts under<sup>✓</sup> par. (b).  
16 A partnership, limited liability company, or tax-option corporation<sup>✓</sup> shall compute  
17 the amount of credit that each of its partners, members, or shareholders<sup>✓</sup> may claim  
18 and shall provide that information to each of them.<sup>✓</sup> Partners, members of limited  
19 liability companies, and shareholders of tax-option corporations<sup>✓</sup> may claim the  
20 credit in proportion to their ownership interests.

21           (d) *Administration.*<sup>✓</sup> Section 71.28 (4) (e) to (h)<sup>✓</sup>, as it applies to the credit under  
22 s. 71.28 (4)<sup>✓</sup>, applies to the credit under this subsection.<sup>✓</sup>

23           **SECTION 11.** 71.49 (1) (cd)<sup>✓</sup> of the statutes is created to read:

24           71.49 (1) (cd) Broadband service credit under s. 71.47 (5n).<sup>✓</sup>

1           **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
2 amended to read:

3           77.92 (4) "Net business income," with respect to a partnership, means taxable  
4 income as calculated under section 703 of the Internal Revenue Code; plus the items  
5 of income and gain under section 702 of the Internal Revenue Code, including taxable  
6 state and municipal bond interest and excluding nontaxable interest income or  
7 dividend income from federal government obligations; minus the items of loss and  
8 deduction under section 702 of the Internal Revenue Code, except items that are not  
9 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
10 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
11 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),  
12 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n) and (8r); and plus or minus, as  
13 appropriate, transitional adjustments, depreciation differences, and basis  
14 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
15 loss, and deductions from farming. "Net business income," with respect to a natural  
16 person, estate, or trust, means profit from a trade or business for federal income tax  
17 purposes and includes net income derived as an employee as defined in section 3121  
18 (d) (3) of the Internal Revenue Code.

**History:** 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28.

19           **SECTION 13. Initial applicability.**

20           (1) This act first applies to taxable years beginning on January 1 of the year  
21 in which this subsection takes effect, except that if this subsection takes effect after  
22 July 31 this act first applies to taxable years beginning on January 1 of the year  
23 following the year in which this subsection takes effect.

24           (END)

d-note  
↓

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4404/P1dn

JK: ^:....

date

jld

Representative Mursau: ✓

Please review this draft carefully to ensure that it is consistent with your intent. ✓

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4404/P1dn

JK:jld:ph

February 24, 2010

Representative Mursau:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)

**Kreye, Joseph**

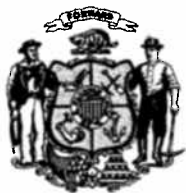
**From:** Potts, Andrew  
**Sent:** Monday, March 01, 2010 4:22 PM  
**To:** Kreye, Joseph  
**Subject:** LRB 09-4404/P1

Joe,

Could we get this set as a /1? Thanks.

Andy





State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-4404/F1

JK:jld:ph

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 3-1-10

due Tue 3-2

Regen

AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5n), 71.10 (4) (cd), 71.28 (5n), 71.30 (3) (cd), 71.47 (5n) and 71.49 (1) (cd) of the statutes; **relating to:** an income and franchise tax credit for providing broadband service.

***Analysis by the Legislative Reference Bureau***

This bill creates an income and franchise tax credit for amounts that a taxpayer spends for infrastructure costs to provide broadband service to any of the following:

1. Rural areas in this state.
2. Areas in this state where there is no broadband service or where the Internet access service is no more than 200 kilobits per second.
3. Areas in this state that are populated primarily by low-income persons.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

**SECTION 2.** 71.07 (5n) of the statutes is created to read:

**71.07 (5n) BROADBAND SERVICE CREDIT.** (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Low-income persons" means low-income persons, and very low-income persons, as determined by the income limits published by the federal department of housing and urban development under the National Housing Act of 1937.
3. "Unserved area" means an area of this state where there is no broadband service or where Internet service is no more 200 kilobits per second.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal to any of the following:

1. Ten percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state or an area in this state populated primarily by low-income persons, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.
2. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state, an unserved area, or an area in this state populated primarily by low-income persons, if the broadband service is at least 50 megabits per second.

3. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to an unserved area, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

**SECTION 3.** 71.10 (4) (cd) of the statutes is created to read:

71.10 (4) (cd) Broadband service credit under s. 71.07 (5n).

**SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and passed through to partners shall be added to the partnership's income.

**SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

**SECTION 6.** 71.28 (5n) of the statutes is created to read:

71.28 (5n) BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Low-income persons" means low-income persons, and very low-income persons, as determined by the income limits published by the federal department of housing and urban development under the National Housing Act of 1937.
3. "Unserved area" means an area of this state where broadband service is less than 200 kilobits per second.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal to any of the following:

1. Ten percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state or an area in this state populated primarily by low-income persons, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.
2. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state, an unserved area, or an area in this state populated primarily by low-income persons, if the broadband service is at least 50 megabits per second.

3. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to an unserved area, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

**SECTION 7.** 71.30 (3) (cd) of the statutes is created to read:

71.30 (3) (cd) Broadband service credit under s. 71.28 (5n).

**SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

71.34 (1k) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and passed through to shareholders.

**SECTION 9.** 71.45 (2) (a) 10<sup>x</sup> of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

**SECTION 10.** 71.47 (5n) of the statutes is created to read:

71.47 (5n) BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Low-income persons" means low-income persons, and very low-income persons, as determined by the income limits published by the federal department of housing and urban development under the National Housing Act of 1937.
3. "Unserved area" means an area of this state where broadband service is less than 200 kilobits per second.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal to any of the following:

1. Ten percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state or an area in this state populated primarily by low-income persons, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.
2. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to a rural area of this state, an

unserved area, or an area in this state populated primarily by low-income persons, if the broadband service is at least 50 megabits per second.

3. Twenty percent of the amount the claimant paid in the taxable year for infrastructure costs to provide broadband service to an unserved area, if the broadband service is at least 5 megabits per second, but less than 50 megabits per second.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

**SECTION 11.** 71.49 (1) (cd) of the statutes is created to read:

71.49 (1) (cd) Broadband service credit under s. 71.47 (5n).

**SECTION 12.** 77.92 (4) <sup>✓</sup> of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and

deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

### **SECTION 13. Initial applicability.**

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)



**Duerst, Christina**

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**From:** Potts, Andrew  
**Sent:** Tuesday, March 02, 2010 10:56 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 09-4404/1 Topic: Tax credit for infrastructure costs to provide broadband

Please Jacket LRB 09-4404/1 for the ASSEMBLY.